

Did You Know....

By Clem Dougherty

[Editor's Note: Clem continues to provide us with information in his series on San Francisco. With this article he provides the fourth in a four part mini-series dealing with A.P. Giannini and the Bank of America. Both A.P. and the Bank played an important role in the development of San Francisco.]

Did you know ... that money supplied by the San Francisco-based Bank of America largely financed the post-World War II building boom in California? Yes, it's true. In our last edition we saw how A.P. Giannini ("A.P.") in 1927 embarked on a plan of establishing a banking system nationwide with the acquisition of an old bank called "the Bank of America" operating on Wall St. in New York. In 1928 A.P. founded on the west coast the Bank of America of California with the same goal of establishing a nationwide system of branch banking by joining up eventually with its namesake on the east coast. In furtherance of this goal, the Bank of Italy on February 3, 1930, merged with the Bank of America of California to form the Bank of America N.T. & S.A. newly headquartered at 300 Montgomery St., San Francisco at the center of a banking empire established by branches throughout the state.

During World War II and the years immediately following, California increased by 2 million people - most of them to take thousands of new jobs in the aerospace industry in southern California and the shipping industry in northern California. In addition, many former service men and women born in other states before the war decided to make California their home at the end of the war. During the war all building in California went on hold, since all industrial output went to support the war effort. But once the war ended, Californians needed everything: new houses, new roads, new schools, new sanitation facilities, new commercial centers, new automobiles, new transit facilities, etc. As a result, a building boom of gigantic proportions hit California, and financing the building boom in large part was the Bank of

America. The G.I. Bill of Rights offered loans to veterans for housing, for starting a business, for acquiring a farm, or for returning to school. The Bank of America provided \$600 million (1940s dollars) in loans or about 10% of all loans provided to veterans. Most of this money went to build homes in new subdivisions now popping up all over the state. The Bank of America also loaned money to the aerospace industry, the shipping industry, the construction industry, and the movie industry. It offered installment loans to individuals seeking to buy automobiles and other personal items. And in agricultural communities the branches established so many years earlier by the Bank of Italy offered loans at low interest rates to the farmers, to the cooperatives formed by the farmers, and to the truckers hauling the agricultural produce to market. Thus the Bank of America immersed itself into all aspects of California's economic life, and by extension into the diverse lives of thousands of Californians.

As a microcosm of the influence of the Bank of America on rural California, there is a small town in Sonoma County by the name of Valley Ford which physically astrides both sides of Highway 1 for about 2 blocks. Until a few years ago, there was a small one room branch of the Bank of America alongside the road. Within 10 miles of the bank there were, and are, several large dairy farms. In addition, not far from the bank there is an old cooperative building where the dairymen used to bring their milk for processing to the markets. Obviously the Bank of America branch stood there along the side of Highway 1 to fund loans for the farmers and their cooperative and to otherwise meet their banking needs. This is a fine example of how branches of the Bank of America penetrated into the very life of California's agriculture.



Giannini Family (c. 1920)
Back Row: Clorinda and A.P.
Front Row: Mario, Claire and Virgil

A.P. Giannini died on June 3, 1949, preceded in death by his wife Clorinda. A.P. and Clorinda had 8 children, five of whom died before adulthood. The three remaining children Lawrence Mario (commonly referred to as "Mario"), Virgil, and Claire survived into adulthood. However, both Mario and Virgil died at an early age as the result of complications arising from hemophilia. Claire Giannini Hoffman (her married name) became the sole survivor. In a move that had unforeseen, disastrous consequences for the Bank, A.P. did not have a controlling stock

interest in the Bank of America. He preferred remaining its CEO. In keeping with his belief that the Bank was “the People’s Bank,” he wanted the common man to own the shares of the Bank and aimed at a broadly based ownership among small investors. When he died in 1949, he left an estate valued at only \$489,278. Since he pioneered profit sharing among the Bank’s employees, 40% of the Bank’s shares were owned by its employees at the time of A.P.’s death. He once said that his hardest job was to keep from becoming a millionaire.

In 1998, Nations Bank acquired the Bank of America for \$62 billion. In a move that could be interpreted in one way as an effort to consolidate on the east coast a nationwide system of branch banks, but in another way as a callous disregard for the significant role of the Bank in the economic development of the City of San Francisco and the State of California, Nations Bank then moved the headquarters of the Bank of America from San Francisco to Charlotte, North Carolina. Since she did not have a controlling interest in the Bank of America’s shares, Claire Giannini Hoffman tried, but unfortunately failed, to prevent the sale.

A year or so ago, when the writer of this account asked his local branch of the Bank of America why no picture of A.P. Giannini hung on its walls, the answer came back: “We have a different history now.” Subsequently, the branch management must have had a change of heart. About a year later, a picture of A.P. Giannini went up on a wall of the same branch. It is this writer’s understanding that the picture was found lying on the floor against a back-room wall. Now, at least, with A.P.’s picture hanging on an inside wall in plain view of the public, thankfully one branch remembers the man who through the Bank of America played such a pivotal role in the rise of San Francisco as the Queen City of the Pacific and in the emergence of California as the mega-state of the 20th/21st centuries.

(Sources: Bonadio, Felice A., A.P.Giannini, Banker of America, pp.xix,xx,31,168-169,414-434; Catani, D. and Haight, A., A.P.Giannini, The Man With the Midas

Touch, pp. 107-108; James, M. and James, B., *Biography of a Bank, the Story of the Bank of America N.T.& S.A.*, pp. 489-490; *The New York Times*, April 4, 1998.).